

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Cadence Financial Corporation

Point of Contact:	Richard T. Haston	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	300	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	44,000,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	44,000,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	N/A	City:	Starkville
Date Repaid <sup>1</sup> :	March 4, 2011	State:	Mississippi

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☐ Increase lending or reduce lending less than otherwise would have occurred.

☐ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

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☐
Increase securities purchased (ABS, MBS, etc.).

☐
Make other investments.

☒
Increase reserves for non-performing assets.

0

☐
Reduce borrowings.

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☒ Increase charge-offs.

0

☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

0

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The additional capital allowed us to avoid having our regulatory capital ratios drop below the Statutory levels for a bank to be considered well capitalized, as we worked through our problem loan issues. We also avoided having to reduce our level of service to our deposit customer base. Since our regulators mandated higher capital ratios, we were required to shrink our balance sheet and reduce the aggregate amount of loans outstanding during 2009 and 2010.

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

We were able to address problems loan issues in our portfolio, increase our allowance for loan losses to an appropriate level commensurate with the risk level in our portfolio and to maintain our capital levels above statutory well-capitalized levels.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

N/A